

Altech to sell its non-core stake in Liquid for US\$55m

Allied Electronics Corporation's (Altron) subsidiary, Altech, is to dispose of its 8.6% stake in Liquid Telecommunications Holdings, the company said.



Altech's Craig Venter says further opportunities will be explored in East Africa with Liquid even though Altech has disposed of its shares in the company. Image: Altech

Altech acquired the 8.6% stake as part of the disposal of its East African operations to Liquid in February 2013. The agreement included a put option for the greater of US\$50m or fair market value of the shares.

Earlier this month, the put option was exercised by Altech and the value of the stake was agreed between the parties at US\$55m. The price is payable to Altech on the end of February.

"The price, equivalent to R588m, will be applied toward Altron's newly acquired debt that was incurred when Altron bought out the minorities in Altech and delisted it from the JSE in a deal worth R1.8bn," Altron said.

Liquid is an independent telecommunications provider for international, voice, Internet and data traffic. It supplies fibre, satellite and international carrier services to fixed and mobile telecommunications operators, Internet service providers and enterprises in developing countries.

Africa operations

It operates and owns one of Africa's most extensive fibre-optic networks, which provides services to customers in Kenya, Uganda, Rwanda, Zambia, Zimbabwe, Botswana, Democratic Republic of Congo, Lesotho and SA.

Following the delisting of Altech, Altron established the new Altron TMT division, which comprises both the Altech and Bytes businesses. The new division aims to consolidate the telecommunications, multi-media and IT assets in the group, grow revenue and minimise costs.

"Our investment philosophy is to have significant stakes in businesses. Although the investment in Liquid was performing very well, our 8.6% was not a significant stake and we believe the funds can be more effectively applied elsewhere," said Robert Venter, chief executive of the company.

"We have enjoyed a very constructive relationship with Liquid over the past 18 months, since we first started our negotiations on our East African disposal and we will continue to explore mutually beneficial opportunities with them, in Africa," said Craig Venter, group executive of Altron TMT and chief executive of Altech.

"The divestiture from Liquid was not an indication that Altron does not see investment in Africa as a core part of its strategy. Altron has in fact grown its business into Africa through organic ventures and following its customers into the region," the company said.

Powertech, part of the Altron Power division, has also established a business unit to service sub-Saharan Africa with power electronics such as cables, transformers and switchgear, with significant orders recently received from Ghana and Zambia.

The Altron group will continue to explore potential niche acquisitions and other opportunities to streamline the group.

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